




# Creative Industries





## Did you know?

 Puerto Rico has influenced the modern musical landscape, with names like Ricky Martin, Daddy Yankee, Luis Fonsi, Bad Bunny and more known worldwide

 Puerto Rico has served as backdrop for numerous films, including: Black Panther: Wakanda Forever, Fast Five, Pirates of the Caribbean, and many more

 The Island has more than 80 world class museums, including fine arts, architecture, archeology, history, music, sports, and politics. It also features the largest art museum in the Caribbean

 On YouTube, Puerto Rican artists featured in 27 out of the 100 most viewed music videos of 2019

 The Puerto Rico Institute of Culture and a robust network of academic and non-profit organizations provide industry support

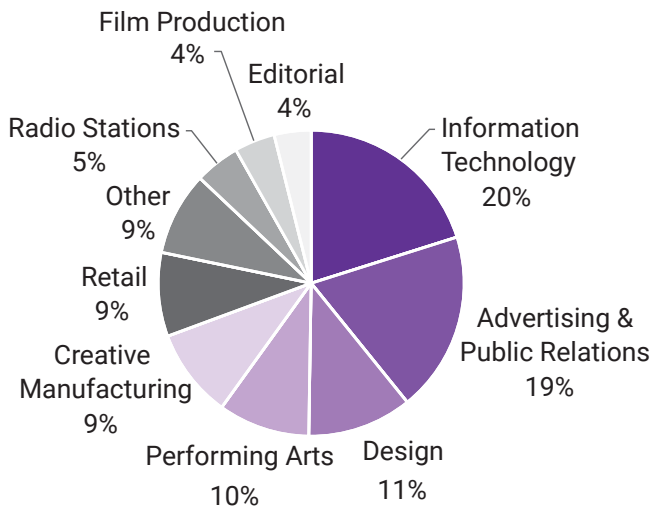
## Puerto Rico's world-renowned culture supports a vibrant creative industries economy

Culture and the creative industries are alive in Puerto Rico and making their mark all over the globe. We are recognized worldwide for contributions to salsa and reggaeton, but also have a vibrant film production scene, media, web/ software design, museum culture, skilled artisans, street fairs, and more. Our history and spirit make the Island an ideal spot to take advantage of the unique mix of Latin, Caribbean, and U.S. cultures.

Our unique arts and cultural economies are showcased annually in the multi-day San Sebastian street festival in Old San Juan, at the Fiestón Cultural, and at annual local festivals hosted across the Island's municipalities. These industries contribute to the larger local talent pool, particularly in the knowledge services for design, architecture, planning, and other aspects of business development.

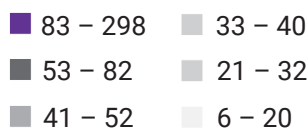
The creative industries act as an economic representation of culture, showcasing Puerto Rico's high quality of life internally and abroad. The global impact of Puerto Rican music provides an insight into what our creative industries can achieve, as well as the cultural and business opportunities the Island offers.

### Creative Industry Companies by Subsector

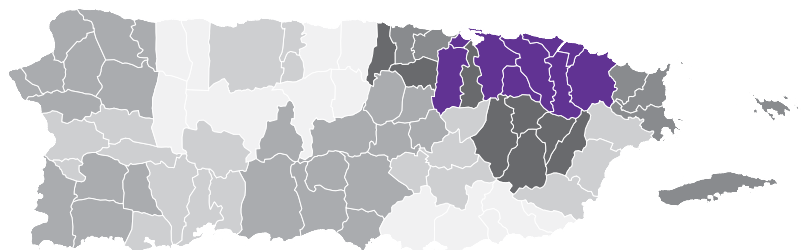


In 2019, Creative Industries contributed about \$2.37B to the Island's GDP.

### Concentration of Employment



Employment in Creative Industries per 10,000 residents.



### Unique Incentives

The Puerto Rico Incentives Code provides attractive tax credits for creative industries.

4% fixed income tax rate on eligible income

100% tax exemption on capital gains\*

75% exemption on municipal construction rate

50% exemption on municipal license tax

\* From Securities & Digital Assets & Capital Gains & other investment income sourced to P.R. not subject to federal income taxes

# Puerto Rico's Film Industry

Puerto Rico has served as a backdrop for many famous movies thanks to its convenient proximity to the US, film industry tax incentives, diverse landscape, and versatile locations.

From fiscal year 2016 through 2019, nearly 100 films were shot on the Island. These contributed \$424 million to the local economy.

## Unique Incentives for Film & TV Projects

Eligible activities, under the Puerto Rico Incentives Code, for businesses in creative industries include, but are not limited to: film projects, TV projects, video games, music videos, and film festivals.

### Tax Credit on Film Production Projects:

- ✓ Up to 40% for production expenses paid to Puerto Rico residents
- ✓ Up to 20% for production expenses, related to payments to non-resident workers
- ✓ Up to 15% of production expenses paid to Puerto Rico residents (with a \$4.0 million maximum) for co-productions with local producers

### Tax Rates or Exemptions for Persons Engaged in Qualifying Film Projects:

- ✓ 4% fixed income tax rate
- ✓ 100% exemption on dividend taxes and municipal license taxes, excise taxes and other municipal taxes
- ✓ 90% exemption from municipal and state taxes on property



## Why Film in Puerto Rico?

- Skilled and experienced bilingual and bicultural crews
- Proven track record for delivering on schedule and budget
- Diversity and proximity of locations
- Ethnically diverse population
- Equipment and crew available to supply several productions simultaneously
- Soundstages (TV) and warehouses for building and filming on sets
- Non-SAG extras and stand-ins
- Post-production, animation, and sound recording facilities
- Overnight dailies (3 or 4 hours ahead of Los Angeles time)
- Availability of government locations at no cost
- Full government support

Source: The Sifre Group, LLC



### U.S. Jurisdiction

- Federal insurance and banking regulations, U.S. dollar, and stable business environment
- Legal & intellectual property protections of the U.S.



### Workforce & Talent Development

- Average industry wages are 37% lower than the U.S. national average (\$52,800 versus \$33,169)
- Bilingual in English and Spanish



### Organizational Support

- Puerto Rico Institute of Culture
- DEDC - Film Industry Development Program
- At least 89 foundations and non-profits dedicated to the arts and creative endeavors
- Over 80 museums



### High Quality of Life

- Diverse outdoors activities from pristine beaches to dense rain forest, mountains, caves, and canyons
- Rich cultural experiences from nighttime dancing to centuries old museums
- Over 50 certified historic landmarks



### Real Estate

- Island-wide ICT infrastructure, including multiple 5G providers
- Lowest cost of Class A office space relative to comparable cities in the U.S.